

# Research shows public works projects are no panacea for poverty

By KATHLEEN MCKENZIE

Durban - Labour intensive infrastructure projects will not necessarily help sustain poverty reduction.

This is the finding of a public works research project undertaken by the Southern African Labour and Development Research Unit at the University of Cape Town's school of economics.

Speaking at the 12th regional conference of the International Labour Organisation (ILO) in Durban this week, Anna McCord said labour intensive employment, like that provided by the government's expanded public works programme (EPWP), could only offer a temporary income boost. Sustained poverty alleviation required the creation of longer-term employment opportunities.

"Direct labour intensive projects do not have a sustained impact on poverty reduction. It is rather the quality of the infrastructure provided that determines whether there are sustained benefits for the poor," she said.

In the past two-and-a-half years, the EPWP created 661 000 temporary jobs at a cost of R12.5 billion. It is expected that 1 million jobs will have been created by 2009. However, with estimates of the number of jobless people anywhere between an official 4 million and an expanded 7 million, the programme has not made a perceptible difference at national level.

"Labour intensive employment usually represents a once-off episode of employment, which will not normally be repeated in the same location with the same participants. For this reason, it is not likely to impact directly on sustained poverty alleviation in the context of mass long-term unemployment, in which case ongoing employment is required," she said.

"In the case of cyclical or seasonal underemployment, repeated episodes of employment are required."

The ILO agrees with this assessment. A paper published by the UN body in 2003 states that labour intensive investment can open doors for community development and provide a temporary boost to the incomes of people living in poverty, but sustaining progress requires linked action to promote longer-term employment opportunities.

A step up the ladder from labour intensive infrastructure projects is the notion of an employment guarantee schemes (EGS). These have been implemented with varying success in countries such as India, Argentina, Ethiopia and the US.

"The key characteristic ... is that they offer a form of income insurance by guaranteeing a minimum amount of employment on an ongoing basis," McCord said.

For example, under the national rural EGS in India, one unemployed person from a rural household of jobless people could apply for a job and be guaranteed 100 days of work a year within 15 days or else be entitled to unemployment benefits.

"An income back-up is critical if a programme aims to have a large-scale impact and coverage is compromised by limited state capacity to provide employment," she said.

Several of the larger schemes have an in-built facility to default to an unemployment benefit scheme should the state have a limited capacity to provide employment.

However, a weakness of the EGS system is that the scale of employment needed in a mass programme can compromise the quality and productive value of assets created.

"This situation is exacerbated where the EGS is the only safety net and where the demand for work is massive and urgent, as in Ethiopia during the hungry season," she said.

Santosh Mehrotra, a senior consultant to India's government planning commission, said South Africa had the capacity to implement an EGS because it had a budget surplus of 2 percent of gross domestic product (GDP).

"India, which has a budget deficit of 3 percent to 4 percent of GDP, still manages to afford the programme," Mehrotra noted.

McCord pointed out that a weakness of the South African EPWP was that it aimed to employ a total of only about 50 000 workers through any labour intensive programmes at any given time, which hardly made a dent in the unemployment figures.